GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:3981
ANSWERED ON:19.04.2000
ESSAR STEEL INDUSTRY
DR. KIRIT SOMAIYA

Will the Minister of STEEL be pleased to state:

(a) whether Essar Steel has incurred losses during last two years;

(b) if so, the details thereof and the reasons therefor;

(c) the outstanding amount payable by Essar Steel to financial institutions as on date;

(d) whether the financial institutions have refrained from funding the company further;

(e) if so, the details thereof; and

(f) the steps being taken by the Government in this matter?

Answer

MINISTER OF STATE FOR STEEL

(SHRI DILIP RAY)

(a) & (b): The details of profit/loss (-) of Essar Steel during last two years are as under:

Year	Profit/Loss (Rs./Crores)
1998-99	-496
1999-2000 (April-Dec`99)	-395.56

Dumping of Steel from neighbouring countries, demand stagnation in major consuming sectors, rise in the inputs cost and high cost of finance have been attributed for the losses incurred by the company.

(c) According to the available information, as on 31st March 2000, the outstanding amount towards Rupee/Foreign Currency term loans and Debentures availed by Essar steel from Financial Institutions is Rs. 1662 Crores.

(d) to (f): As per the information furnished by the company, except for seeking restructuring of the existing loans, they have not sought for any funding from the Financial Institutions in the recent past.

In order to address the problems of the on-going steel projects as well as the problems being faced by the existing steel plants in the country, Government have constituted a Project Co-ordination Group under the Chairmanship of the Minister of State for Steel. The first meeting of this Group was held on 13.03.2000, wherein, the heads of Financial Institutions also participated. In this meeting, the issues raised by various companies including Essar Steel were discussed.